



**Committee on
Homeland Security Democrats
Bennie G. Thompson, Ranking Member**

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Rep. Bennie G. Thompson (D-MS) Testifies At Senate Committee Hearing About Hurricane Katrina Contracting Abuses

Stresses the Federal Government Must Increase the Federal Contracts Awarded to Small Businesses

Washington –Rep. Bennie G. Thompson (D-MS), Ranking Member of the House Homeland Security Committee, today testified before the Senate Committee on Small Business and Entrepreneurship’s hearing, “Strengthening Hurricane Recovery Efforts for Small Businesses.”

Rep. Thompson emphasized the need to ensure that local, small, minority and disadvantaged businesses are awarded contracts for response and recovery. A vast majority of the federal contracts awarded for response and recovery to Hurricanes Katrina and Rita, which slammed into the Gulf Coast two months ago, have been awarded to businesses outside the Gulf Coast region, despite federal law providing preference to locally owned businesses. Less than 3% of the contract dollars awarded by FEMA are going to small disadvantaged, minority or women-owned businesses.

“Contracts to local small businesses will help stimulate the local economy and revitalize the devastated areas,” said Rep. Thompson.

Rep. Thompson called for the Federal Emergency Management Agency (FEMA) to create a real, comprehensive strategic plan for awarding contracts to small and disadvantaged businesses. Last month, FEMA announced an intention to create such a strategy, but it still has not acted. The Congressman also stressed that the Small Business Administration must ensure that contracts designated for small businesses actually go to those businesses—not to companies masquerading as small businesses.

“I have watched to see if the Department of Homeland Security would follow the Stafford Act and it appears that the agency has gone out of its way to undercut the small business requirements,” said Rep. Thompson. “It is clear to me that the federal government, especially FEMA and the Small Business Administration (SBA), must make a major shift in both policy and implementation if the lives of the people of the Gulf Coast are to be effectively rebuilt and restored.”

Rep. Thompson called on the federal government to establish a permanent database of small, disadvantaged business that can be used to quickly identify them for prime contracting opportunities during disaster response and recovery.

The Congressman announced he will introduce legislation in the House of Representatives to that would require the Department of Homeland Security to create the database.